Downloaded from Stanmorephysics.com

GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PREPARATORY EXAMINATION

2026

10721

BUSINESS STUDIES

(PAPER 1)

Stanmorephysics.com

BUSINESS STUDIES P1

10721E

TIME: 2 hours

MARKS: 150

10 pages

X10

Downloaded from Stanmorephysics.com

INSTRUCTIONS AND INFORMATION

Read the following instructions carefully before answering the questions.

1. This question paper consists of THREE sections and covers TWO main topics.

   SECTION A: COMPULSORY
   SECTION B: Consists of THREE questions.
   Answer any TWO of the three questions in this section.
   SECTION C: Consists of TWO questions.
   Answer any ONE of the two questions in this section.

2. Read the instructions for each question carefully and take note of what is required.

   Note that ONLY the answers to the first TWO questions selected in SECTION B and the answer to the FIRST question selected in SECTION C will be marked.

3. Number the answers correctly according to the numbering system used in this question paper. NO marks will be awarded for answers that are numbered incorrectly.

4. Except where other instructions are given, answers must be written in full sentences.

5. Use the mark allocation and the nature of each question to determine the length and detail of an answer.

6. Use the table below as a guide for the mark and time allocation when answering each question.

SECTION	QUESTION	MARKS	TIME (minutes)
A: Objective-type questions: COMPULSORY	**1**	**30**	**20**
B: THREE direct/indirect-type questions CHOICE: Answer any TWO.	**2**	**40**	**70**
	3	**40**	
	4	**40**	
C: TWO essay-type questions CHOICE: Answer any ONE.	**5**	**40**	**30**
	6	**40**	
TOTAL		**150**	**120**

7. Begin the answer to EACH question on a NEW page, e.g. QUESTION 1 – new page, QUESTION 2 – new page.

8. You may use a non-programmable calculator.

9. Write neatly and legibly.

Downloaded from Stanmorephysics.com

SECTION A (COMPULSORY)

QUESTION 1

1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A – D) next to the question numbers (1.1.1 to 1.1.5) in the ANSWER BOOK, e.g. 1.1.6 D.

1.1.1 This Act promotes equal opportunities and fair treatment in the workplace:

A The National Credit Act (NCA), 2005 (Act 34 of 2005)
B The Skills Development Act (SDA), 1998 (Act 97 of 1998)
C The Employment Equity Act (EEA), 1998 (Act 55 of 1998)
D The Labour Relations Act (LRA), 1995 (Act 66 of 1995)

1.1.2 Home Comforts wants to sell its existing products in new markets. This type of intensive strategy is known as ...

A product penetration.
B market development.
C market penetration.
D product development.

1.1.3 Vallem Retailers operates in the ... sector as they distribute goods to various customers.

A secondary
B economic
C primary
D tertiary

1.1.4 The role of the interviewee during an interview is to ...

A be inquisitive and show interest in the business.
B explain the purpose of the interview to the panel.
C prepare responses for possible questions.
D allocate the same amount of time to each candidate.

1.1.5 The ability of goods to satisfy a specific need is known as ...

A quality control.
B quality performance.
C quality.
D quality management.

(5 x 2) (10)

Downloaded from Stanmorephysics.com

1.2 Complete the following statements by using the word(s) provided in the list below. Write only the word(s) next to the question numbers (1.2.1 to 1.2.5) in the ANSWER BOOK.

Labour Relations; provident; weakness; piece-meal; production; threat; marketing; Employment Equity; Unemployment Insurance; time related

1.2.1 Green Leaf Groceries is facing strong competition from Jabu Groceries. This is classified as a … in the SWOT analysis.

1.2.2 The … Act allows employees the right to join a trade union of their choice.

1.2.3 Businesses are required to contribute to the … Fund as a compulsory benefit.

1.2.4 The salary determination method in which employees are paid for the number of hours spent at work is known as … pay.

1.2.5 JVC Enterprise utilises machinery and equipment optimally. This is a quality indicator of the … function.

(5 x 2) (10)

Downloaded from Stanmorephysics.com

1.3 Choose a description from COLUMN B that matches a term in COLUMN A. Write only the letter (A – J) next to the question numbers (1.3.1 to 1.3.5) in the ANSWER BOOK, e.g. 1.3.6 K

COLUMN A		COLUMN B	
1.3.1	Learnership	A	candidates who meet the minimum requirements are separated from others
1.3.2	Divestiture	B	used to assign the selected candidate to the specific job
1.3.3	Screening	C	business sells all assets to pay creditors due to lack of capital
1.3.4	Employment contract	D	can be used to measure quality against the specified standards of each department
1.3.5	Quality management	E	practical training opportunity for ongoing professional development
		F	can be used for accountability within each of the business functions
		G	business sells some assets that are no longer profitable
		H	candidates who applied for a vacancy are all invited to attend the interview
		I	practical training opportunity that leads to a recognised qualification
		J	an agreement between the employer and the employee that is legally binding

(5 x 2) (10)

TOTAL SECTION A: 30

Downloaded from Stanmorephysics.com

SECTION B

Answer ANY TWO questions in this section.

NOTE: Clearly indicate the QUESTION NUMBER of each question that you choose. The answer to EACH question must start on a NEW page, e.g. QUESTION 2 on a NEW page, QUESTION 3 on a NEW page.

QUESTION 2: BUSINESS ENVIRONMENTS

2.1 Name any FOUR pillars of the Broad-Based Black Economic Empowerment Act (BBBEE), 2003 (Act 53 of 2003). (4 x 1) (4)

2.2 Outline the advantages of intensive strategies. (6)

2.3 Read the scenario below and answer the questions that follow.

TECH ENTERPRISES (TE)

Tech Enterprises sells electronic accessories in different retail outlets. TE is losing customers to businesses that sell the same products at lower prices. TE is experiencing a decline in productivity due to poor management.

2.3.1 Quote TWO challenges for TE from the scenario above. (2)

2.3.2 Classify TE's challenges according to the business environments. (2)

2.3.3 State the extent of control that TE has over EACH business environment classified in QUESTION 2.3.2. (2)

Use the table below as a GUIDE to answer QUESTIONS 2.3.1 to 2.3.3.

CHALLENGES (2.3.1)	BUSINESS ENVIRONMENTS (2.3.2)	EXTENT OF CONTROL (2.3.3)
1.		
2.		

2.4 Explain any TWO types of diversification strategies. (6)

Downloaded from Stanmorephysics.com

2.5 Read the scenario below and answer the questions that follow.

ECO WAVE MANUFACTURERS (EWM)

Sarah, an employee at Eco Wave Manufacturers, sustained serious injuries while performing her duties at work. The management of EWM is aware that they may face penalties for non-compliance with the Act.

2.5.1 Identify the Act that is applicable to the scenario above. (2)

2.5.2 Explain the penalties for non-compliance with the Act identified in QUESTION 2.5.1. (4)

2.6 Discuss the purpose of the National Credit Act (NCA), 2005 (Act 34 of 2005). (6)

2.7 Advise businesses on the role of SETAs in supporting the Skills Development Act (SDA), 1998 (Act 97 of 1998). (6)

[40]

QUESTION 3: BUSINESS OPERATIONS

3.1 Name the TWO components of job analysis. (2 x 1) (2)

3.2 Outline the reasons for the termination of an employment contract. (6)

3.3 Read the scenario below and answer the questions that follow.

STELLA LOGISTICS (SL)

Stella Logistics specialises in moving large quantities of goods in containers. They use fringe benefits as leverage for salary negotiations. SL pays attorneys to help them create benefit plans that comply with legislation. The offering of fringe benefits increases employee satisfaction, as they may be willing to go the extra mile.

3.3.1 Quote TWO advantages of fringe benefits that apply to SL from the scenario above. (2 x 1) (2)

3.3.2 Explain other advantages of fringe benefits for businesses. (4)

3.4 Advise businesses on the impact of external recruitment. (6)

3.5 Elaborate on the meaning of *total quality management (TQM)*. (4)

3.6 Discuss the role of quality circles as a part of continuous improvement to processes and systems. (6)

Downloaded from Stanmorephysics.com

3.7 Read the scenario below and answer the questions that follow.

RUDI LIMITED (RL)
Rudi Limited specialises in the production of solar lights for businesses. RL implements total quality management (TQM) elements to ensure smooth business operations. They can afford to purchase quality raw materials and equipment to avoid faulty products. RL ensures that cross-functional teams understand their core competencies.

Identify TWO total quality management (TQM) elements applied by RL. Motivate your answer by quoting from the scenario above.

Use the table below as a GUIDE to answer QUESTION 3.7.

TQM ELEMENTS	MOTIVATIONS
1.	
2.	

(6)

3.8 Advise businesses on the impact of total quality management (TQM) if poorly implemented. (4 x 1) (4)

[40]

QUESTION 4: MISCELLANEOUS TOPICS

BUSINESS ENVIRONMENTS

4.1 Name any FOUR types of leave as stipulated in the Basic Conditions of Employment Act (BCEA), 1997 (Act 75 of 1997). (4 x 1) (4)

4.2 Read the scenario below and answer the questions that follow.

BRIGHT SUPERSTORE (BS)
Bright Superstore is a large business that observes consumer rights as outlined in the Consumer Protection Act (CPA), 2008 (Act 68 of 2008). BS allows customers to return defective goods for a full refund. They also honour credit vouchers and prepaid services.

Identify TWO consumer rights of the Consumer Protection Act that are promoted by BS. Motivate your answer by quoting from the scenario above.

Use the table below as a GUIDE to answer QUESTION 4.2.

CONSUMER RIGHTS	MOTIVATIONS
1.	
2.	

(6)

Downloaded from Stanmorephysics.com

4.3 Explain any TWO types of defensive strategies. (6)

4.4 Advise businesses on how they could apply the power of buyers as a force of Porter's Five Forces model to analyse their position in the market environment. (4)

BUSINESS OPERATIONS

4.5 State any FOUR sources of internal recruitment. (4 x 1) (4)

4.6 Read the scenario below and answer the questions that follow.

GEZINA TRADING (GT)

Gezina Trading recently employed and inducted Latif as a senior operations manager. Latif understands the rules and restrictions in the business. GT introduced him to his supervisors and colleagues. They created opportunities for Latif to explore different departments. The management of GT is aware of the importance of training in human resources.

4.6.1 Quote TWO benefits of induction from the scenario above. (2)

4.6.2 Explain the importance of training in Human Resources. (4)

4.7 Discuss the benefits of a good quality management system. (6)

4.8 Advise large businesses on the advantages of monitoring and evaluation of quality processes as a total quality management (TQM) element. (4)

[40]

TOTAL SECTION B: 80

Downloaded from Stanmorephysics.com

SECTION C

Answer ANY ONE question in this section.

NOTE: Clearly indicate the QUESTION NUMBER of the chosen question. The answer to the question must start on a NEW page, e.g. QUESTION 5 on a NEW page OR QUESTION 6 on a NEW page.

QUESTION 5: BUSINESS ENVIRONMENTS (BUSINESS STRATEGIES)

Businesses follow the strategic management process to improve their internal operations and overall performance. In addition, they use integration strategies to remain competitive in the market. However, many businesses face challenges posed by PESTLE factors, particularly political and technological factors. Therefore, they need to develop and evaluate new strategies.

Write an essay on business strategies in which you include the following aspects:

- Outline the strategic management process.
- Explain THREE types of integration strategies.
- Discuss how the following PESTLE factors pose challenges to businesses:
  - Political
  - Technological
- Advise businesses on the steps in strategy evaluation. **[40]**

QUESTION 6: BUSINESS OPERATIONS (QUALITY OF PERFORMANCE)

Quality control and quality assurance play an important role in contributing to business success. The application of the PDCA model enables businesses to continuously improve the quality of their products. Furthermore, the quality indicators within the financial function and general management function provide an insight into an organisation's growth. Many businesses also implement total quality management (TQM) to reduce the cost of quality.

Write an essay on quality of performance in which you include the following aspects:

- Outline the differences between *quality control* and *quality assurance*.
- Explain how businesses can apply the PDCA model/steps to improve the quality of their products.
- Discuss the quality indicators of the following business functions:
  - Financial function
  - General management function
- Recommend ways in which total quality management (TQM) can reduce the cost of quality. **[40]**

TOTAL SECTION C: 40

TOTAL: 150

END

Downloaded from Stanmorephysics.com

GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PREPARATORY EXAMINATION

2026

MARKING GUIDELINES

Stanmorephysics.com

BUSINESS STUDIES (PAPER 1) (10721)

29 pages

Downloaded from Stanmorephysics.com

NOTES TO MARKERS

PREAMBLE

The notes to markers are provided for quality assurance purposes to ensure the following:

(a) Fairness, consistency, and reliability in the standard of marking
(b) Facilitate the moderation of candidates' scripts at the different levels
(c) Streamline the marking process considering the broad spectrum of markers across the province
(d) Implement appropriate measures in the teaching, learning and assessment of the subject at schools/institutions of learning

1. For marking and moderation purposes, the following colours are recommended:

Marker:	Red
Departmental Head:	Green
District Moderator:	Orange
Provincial Moderator:	Pink
Chief Provincial Moderator:	Lime

Stanmorephysics.com

2. Candidates' responses must be in full sentences for SECTIONS B and C. However, this would depend on the nature of the question.

3. A comprehensive marking guideline has been provided but this is by no means exhaustive. Due consideration should be given to an answer that is correct but:

- Uses a different expression from that which appears in the marking guideline
- Comes from another credible source
- Original
- A different approach is used

NOTE: There is only ONE correct answer in SECTION A.

4. Take note of other relevant answers provided by candidates and allocate marks accordingly. (In cases where the answer is unclear or indicates some understanding, part-marks should be awarded, for example, one mark instead of the maximum of two marks.)

5. The word 'Submax' is used to facilitate the allocation of marks within a question or sub question.

6. The purpose of circling marks (guided by 'max' in the breakdown of marks) on the right-hand side is to ensure consistency and accuracy in the marking of scripts as well as for calculation and moderation purposes.

7. Subtotals to questions must be written in the right-hand margin. Circle the subtotals as indicated by the allocation of marks. This must be guided by 'max' in the marking guidelines. Only the total for each question should appear in the left-hand margin next to the appropriate question number.

Downloaded from Stanmorephysics.com

8. In an indirect question, the theory as well as the response must be relevant and related to the question.

9. Correct numbering of answers to questions or sub-questions is recommended in SECTIONS A and B. However, if the numbering is incorrect, follow the sequence of the candidate's responses. Candidates will be penalised if the latter is not clear.

10. No additional credit must be given for repetition of facts. Indicate with an 'R'.

11. The differentiation between 'evaluate' and 'critically evaluate' can be explained as follows:

    11.1 When 'evaluate' is used, candidates are expected to respond in either a positive/negative manner or take a neutral (positive and negative) stance, e.g. Positive: *'COIDA eliminates time and costs spent ✓ on lengthy civil court proceedings.'* ✓

    11.2 When 'critically evaluate' is used, candidates are expected to respond in either a positive/negative manner or take a neutral (positive and negative) stance. In this instance candidates are also expected to support their responses with more depth, e.g. *'COIDA eliminates time and costs spent ✓ on lengthy civil court proceedings, ✓ because the employer will not be liable for compensation to the employee for injuries sustained during working hours as long as it can be proved that the business was not negligent.'* ✓

    NOTE: 1. The above could apply to 'analyse' as well.
    2. Note the placing of the tick (✓) in the allocation of marks.

12. The allocation of marks must be informed by the nature of the question, cognitive verb used, mark allocation in the marking guideline and the context of each question.

    Cognitive verbs, such as:

    12.1 Name, state, give, outline, motivate, quote, identify, recommend, suggest, advise,(*list not exhaustive)* do not usually require much depth in candidates' responses. Therefore, the mark allocation for each statement/answer appears at the end.

    12.2 Define, describe, explain, discuss, elaborate, distinguish, differentiate, compare, tabulate, analyse, evaluate, critically evaluate (*list not exhaustive)* require a greater depth of understanding, application, and reasoning. Therefore, the marks must be allocated more objectively to ensure that assessing is conducted according to established norms so that uniformity, consistency and fairness are achieved.

13. Mark only the FIRST answer where candidates offer more than one answer for SECTION B and C questions that require one answer.

Downloaded from Stanmorephysics.com

14. **SECTION B**

14.1 If for example, FIVE facts are required, mark the candidate's FIRST FIVE responses, and ignore the rest of the responses. Indicate by drawing a line across the unmarked portion.

NOTE: 1. This applies only to questions where the number of facts is specified.
2. The above also applies to responses in SECTION C (where applicable).

14.2 If two facts are written in one sentence, award the candidate FULL credit. Point 14.1 above still applies.

14.3 If candidates are required to provide their own examples/views, brainstorm this to finalise alternative answers and consult with the Internal Moderator use the alternative answers as agreed upon in the marking standardisation meeting.

14.4 **Use of the cognitive verbs and allocation of marks:**

14.4.1 If the number of facts are specified, questions that require candidates to 'describe/discuss/explain' may be marked as follows:

- Fact 2 marks (or as indicated in the marking guidelines)
- Explanation 1 mark (two marks will be allocated in Section C)

The 'fact' and 'explanation' are given separately in the marking guideline to facilitate mark allocation.

14.4.2 If the number of facts required is not specified, the allocation of marks must be informed by the nature of the question and the maximum mark allocated in the marking guideline.

14.5 **ONE mark may be awarded for answers that are easy to recall, requires one-word answers or is quoted directly from a scenario/case study. This applies to SECTIONS B and C in particular (where applicable).**

15. **SECTION C**

15.1 The breakdown of the mark allocation for the essays is as follows:

Introduction	**Maximum: 32**
Content	
Conclusion	
Insight	**8**
TOTAL	**40**

Downloaded from Stanmorephysics.com

15.2 Insight consists of the following components:

Layout/Structure	Is there an introduction, paragraphs and a conclusion?	**2**
Analysis and Interpretation	Is the candidate able to break down the question into headings/subheadings/interpret it correctly to show understanding of what is being asked? Marks to be allocated using this guide: All headings addressed: 1 (One 'A') Interpretation (16 to 32 marks): 1 (One 'A')	**2**
Synthesis	Are there relevant decisions/facts/responses made based on the questions? Option 1: **Only relevant facts: 2 marks (No '-S')** Where a candidate answers 50% or more (two to four sub questions) of the question with only relevant facts; no '-S' appears in the left margin. Award the maximum of TWO (2) marks for synthesis. Option 2: **Some relevant facts: 1 mark (One '-S')** Where a candidate answers less than 50% (only one sub-question) of the question with only OR some relevant facts; one '-S' appears in the left margin. Award a maximum of ONE (1) mark for synthesis. Option 3: **Some relevant facts: 1 mark (One '-S')** Where a candidate answers FOUR sub-questions, but one/two/three sub-question(s) with no relevant facts; one '-S' appears in the left margin. Award a maximum of ONE (1) mark for synthesis. Option 4: **No relevant facts: 0 mark (Two '-S')** Where a candidate answers less than 50% (only one sub-question) of the questions with no relevant facts; two '-S' appears in the left margin. Award a ZERO mark for synthesis.	**2**
Originality	Is there evidence of one example in any TWO of the four sub-questions, not older than two (2) years that are based on recent information, current trends and developments?	**2**
	TOTAL FOR INSIGHT:	**8**
	TOTAL MARKS FOR FACTS:	**32**
	TOTAL MARKS FOR ESSAY (8 + 32):	**40**

Downloaded from Stanmorephysics.com

NOTE:

1. **The candidate must respond to at least any TWO of the four sub-questions in the INTRODUCTION and at least ONE of the four sub-questions in the CONCLUSION. Verbatim quoting of definitions/facts from credible sources is strongly discouraged.**
2. **The candidate forfeits marks for layout if the words INTRODUCTION and CONCLUSION are not stated.**
3. **No marks will be awarded for layout, if the headings INTRODUCTION and CONCLUSION are not supported by an explanation.**
4. **No marks will be awarded for contents repeated from the introduction and conclusion.**

15.3 Indicate insight in the left-hand margin with a symbol e.g. ('L, A, -S and/or O').

15.4 The breakdown of marks is indicated at the end of the suggested answer/marking guideline to each question.

15.5 Mark ALL relevant facts/responses until the SUBMAX/MAX mark in EACH of the four subsections has been attained. Write SUBMAX/MAX after maximum marks have been obtained but continue reading for originality 'O'.

15.6 At the end of each essay indicate the allocation of marks for facts and marks for insight as follows: (L – Layout, A – Analysis, S – Synthesis, O – Originality) as in the table below.

CONTENT	MARKS
Facts	**32 (max.)**
L	**2**
A	**2**
S	**2**
O	**2**
TOTAL	**40**

15.7 When awarding marks for facts, take note of the sub-maxima indicated, especially if candidates do not make use of the same subheadings. Remember, headings and subheadings are encouraged and contribute to insight (structuring/logical flow/sequencing) and indicate clarity of thought. (See MARK BREAKDOWN at the end of each question.)

15.8 If the candidate identifies/interprets the question INCORRECTLY, then he/she may still obtain marks for layout.

15.9 If a different approach is used by candidates, ensure that the answers are assessed according to the mark allocation/subheadings as indicated in the marking guideline.

Downloaded from Stanmorephysics.com

15.10 15.10.1 Award TWO marks for complete sentences. Award ONE mark for phrases, incomplete sentences and vague answers.

15.10.2 With effect from November 2015, the TWO marks will not necessarily appear at the end of each completed sentence. The ticks (✓) will be separated and indicated next to each fact, e.g.
'Product development is a growth strategy, ✓ where businesses aim to introduce new products into existing markets.' ✓

This will be informed by the nature and context of the question, as well as the cognitive verb used.

15.11 With effect from November 2017, the maximum of TWO (2) marks for facts shown as headings in the marking guidelines, will not necessarily apply to each question. This would also depend on the nature of the question.



Downloaded from Stanmorephysics.com

SECTION A (COMPULSORY)

QUESTION 1

1.1 1.1.1 C ✓✓

1.1.2 B ✓✓

1.1.3 D ✓✓

1.1.4 A ✓✓

1.1.5 C ✓✓

(5 x 2) **(10)**

1.2 1.2.1 threat ✓✓

1.2.2 Labour Relations ✓✓

1.2.3 Unemployment Insurance ✓✓

1.2.4 time related ✓✓

1.2.5 production ✓✓

(5 x 2) **(10)**

1.3 1.3.1 I ✓✓

1.3.2 G ✓✓

1.3.3 A ✓✓

1.3.4 J ✓✓

1.3.5 F ✓✓

(5 x 2) **(10)**
[30]

BREAKDOWN OF MARKS

QUESTION 1	MARKS
1.1	10
1.2	10
1.3	10
TOTAL	30

TOTAL SECTION A: 30

Downloaded from Stanmorephysics.com

SECTION B

Mark the answers to the FIRST TWO questions only.

QUESTION 2: BUSINESS ENVIRONMENTS

2.1 **Pillars of the Broad-Based Black Economic Empowerment (BBBEE) Act**

- Management control ✓
- Ownership ✓
- Skills development ✓
- Enterprise and supplier development/ESD ✓
- Socio-economic Development/Social responsibility ✓

NOTE: Mark the first FOUR (4) only. (4 x 1) **(4)**

2.2 **Advantages of intensive strategies**

- Increase in sales/income/profitability due to a variety of advertising campaigns. ✓✓
- Regular sales to existing customers may increase. ✓✓
- Gain customer loyalty through effective promotion campaigns. ✓✓
- Improved service delivery may positively impact/increase sales. ✓✓
- Eliminate competitors and dominate market prices. ✓✓
- Decrease in price could influence customers to buy more products. ✓✓
- Businesses can have more control over the prices of products/services. ✓✓
- Enables the business to focus on markets/well-researched quality products that satisfy the needs of consumers. ✓✓
- Increased market share reduces the business's vulnerability to actions of competitors. ✓✓

Any other relevant answer related to the advantages of intensive strategies.

Max. (6)

2.3 **Challenges of business environments and the extent of control**

CHALLENGES (2.3.1)	BUSINESS ENVIRONMENTS (2.3.2)	EXTENT OF CONTROL (2.3.3)
1. TE is losing customers to businesses that sell the same products at lower prices. ✓	Market environment ✓	Partial/Some/ Limited/Less/Little control ✓
2. TE is experiencing a decline in productivity due to poor management. ✓	Micro environment ✓	Full/Complete control ✓
Max (2)	Max (2)	Max (2)

Downloaded from Stanmorephysics.com

NOTE:
1. **Mark the first TWO (2) challenges only.**
2. **If the business environment is not linked to the challenge, mark the challenge only.**
3. **Award marks for the business environments even if the extent of control is not indicated/incorrect.**
4. **The extent of control must be linked to the business environment.**
5. **Do not award marks for the extent of control if the business environment is not mentioned.**
6. **Accept responses in any order.**

2.4 **Types of diversification strategies**

2.4.1 **Concentric diversification** ✓✓
- The business adds a new product or service that is related to existing products and which will appeal to new customers. ✓
- Occurs when a business wants to increase/expand its product range and markets. ✓
- The business creates a new product that is technologically similar to existing/ current products that are aimed at new customers/consumers/markets. ✓
- Occurs when a business uses existing infrastructure/organisational resources/ expertise to create products with some degree of similarity but with clear differentiation from existing/current products. ✓

Any other relevant answer related to the concentric diversification strategy.

Strategy (2)
Explanation (1)
Submax (3)

2.4.2 **Horizontal diversification** ✓✓
- The business adds new products or services that are unrelated/different to existing products, but which may appeal to existing/current customers. ✓
- Occurs when a business acquires or merges with a business that is at the same production stage, but may offer a different product. ✓
- The business extends the production of products/services above/beyond the market/industry in which it currently operates. ✓
- Occurs when the business increases its development potential/extends its brand and significantly reduces risk as the new products are aimed at existing customers/consumers. ✓

Any other relevant answer related to the horizontal diversification strategy.

Strategy (2)
Explanation (1)
Submax (3)

Downloaded from Stanmorephysics.com

2.4.3 **Conglomerate diversification** ✓✓

- The business adds new products or services that are unrelated to existing products which may appeal to new groups of customers. ✓
- Conglomerate diversification means that a business grows into new products/services and markets. ✓
- Occurs when the business operates multiple product lines/business entities for entirely different industries/consumers/customers. ✓
- Occurs when the business can increase overall product/service flexibility/ proficiency by extending activities to unexplored/untapped/unfamiliar markets. ✓

Any other relevant answer related to the conglomerate diversification strategy.

Strategy (2)
Explanation (1)
Submax (3)

NOTE: Mark the first TWO (2) only. **Max. (6)**

2.5 **Legislation**

2.5.1 Compensation for Occupational Injuries and Diseases Amendment Act/COIDA ✓✓ **(2)**

2.5.2 **Penalties for non-compliance with COIDA**

- Businesses that do not comply with COIDA may receive a compliance order from the Labour Court ✓, which forces the business to comply with COIDA. ✓
- Businesses that neglect to comply with COIDA may receive large fines for refusing to lodge claims ✓ and may even be given a jail sentence/ imprisonment, which will be dependent on the severity of the non-compliance. ✓
- Businesses can be forced to make large payments if they do not implement the necessary precautions to reduce accidents/fatalities/✓promote health and safety in the workplace. ✓
- Employees may take businesses to court ✓ for not registering them with the Commissioner of the Compensation Fund. ✓
- If businesses are found guilty of any misconduct ✓, they will have to pay large penalties/face imprisonment. ✓

Any other relevant answer related to penalties for non-compliance with COIDA.

NOTE: Accept relevant facts if the COIDA was incorrectly identified as an answer in QUESTION 2.5.1. **Max. (4)**

Downloaded from Stanmorephysics.com

2.6 **Purpose of the National Credit Act/NCA**

- Promotes the social and financial interests of South African consumers ✓ and by extension the South African economy. ✓
- Ensures that consumers of credit are well informed about the details ✓ included in their credit contracts. ✓
- Protects both lenders and borrowers from negligent lending practices ✓ that may result in over-indebtedness for consumers. ✓
- Ensures that the credit bureau/credit providers/debt counsellors are registered ✓ to avoid consumer exploitation. ✓
- Promotes the responsible granting of credit ✓ by credit providers. ✓
- Promotes a fair but competitive ✓ credit market. ✓
- Makes provision for the establishment ✓ of the National Credit Regulator/ NCR. ✓
- Prevents discrimination ✓ and ensure credit is available to all consumers. ✓

Any other relevant answer related to the purpose of the NCA.

Max. (6)

2.7 **Role of SETAs in supporting the Skills Development Act/SDA**

- Report to the Director General. ✓✓
- Promote and establish learnerships. ✓✓
- Collect levies and pay out grants as required. ✓✓
- Provide accreditation for skills development facilitators. ✓✓
- Register learnership agreements/learning programmes. ✓✓
- Approve workplace skills plans and annual training reports. ✓✓
- Monitor/Evaluate the actual training by service providers. ✓✓
- Allocate grants to employers/education/training providers. ✓✓
- Oversee training in different sectors of the South African economy. ✓✓
- Develop sector skills plans in line with the National Skills Development Strategy. ✓✓
- Draw up skills development plans for their specific economic sectors. ✓✓
- Provide training material/programmes for skills development facilitators. ✓✓
- Pay out grants to businesses that are complying with the requirements of the Skills Development Act. ✓✓
- Identify suitable workplaces for practical work experience. ✓✓

Any other relevant answer related to the role of SETAs in supporting the SDA.

Max. (6)

[40]

Downloaded from Stanmorephysics.com

BREAKDOWN OF MARKS

QUESTION	MARKS
2.1	4
2.2	6
2.3.1	2
2.3.2	2
2.3.3	2
2.4	6
2.5.1	2
2.5.2	4
2.6	6
2.7	6
TOTAL	40



QUESTION 3: BUSINESS OPERATIONS

3.1 **Components of job analysis**

- Job description ✓
- Job specification ✓

NOTE: Mark the first TWO (2) only. (2 x 1) **(2)**

3.2 **Reasons for the termination of an employment contract**

- The employer may dismiss an employee for (a) valid reason(s), such as unsatisfactory job performance/misconduct. ✓✓
- Employer may no longer have work for redundant employees/cannot fulfil the contract/is restructuring. ✓✓
- The employer may retrench some employees due to insolvency/may not be able to pay the employees. ✓✓
- Employees decided to leave/resign voluntarily for better job opportunities. ✓✓
- An employee may have reached the pre-determined age for retirement. ✓✓
- Incapacity to work due to illness/injuries. ✓✓
- A mutual agreement between the employer and employee. ✓✓
- The duration of the employment contract expires/comes to an end. ✓✓

Any other relevant answer related to the reasons for the termination of an employment contract.

Max. (6)

3.3 **Advantages of fringe benefits**

3.3.1 **Advantages of fringe benefits from the scenario**

- They use fringe benefits as leverage for salary negotiations. ✓
- The offering of fringe benefits increases employee satisfaction as they may be willing to go the extra mile. ✓

NOTE: 1. Mark the first TWO (2) only.
2. Only award marks for responses that are quoted from the scenario.

(2 x 1) **(2)**

Downloaded from Stanmorephysics.com

3.3.2 **Other advantages of fringe benefits**

- Attractive fringe benefit packages ✓ may result in higher employee retention/reduces employee turnover. ✓
- Attracts qualified/skilled/experienced employees ✓ who may positively contribute towards the business goals/objectives. ✓
- Improves productivity ✓ resulting in higher profitability. ✓
- Businesses save money ✓ as benefits are tax deductible. ✓

Any other relevant answer related to other advantages of fringe benefits for businesses.

NOTE: Do not award marks for responses that were quoted in QUESTION 3.3.1.

Max. (4)

3.4 **Impact of external recruitment on businesses**

Positives/Advantages

- New candidates bring new talents/ideas/experiences/skills into the business./ Overall efficiency/increase in productivity may occur as the new workers add value to the business. ✓✓
- There is a larger pool of candidates from which to choose. ✓✓
- It may help the business to meet affirmative action and BBBEE targets. ✓✓
- Minimises unhappiness/conflict amongst current employees who may have applied for the post. ✓✓
- There is a better chance of getting a suitable candidate with the required skills/qualifications/competencies who do not need much training/ development which reduces costs. ✓✓

Any other relevant answer related to the positive impact/advantages of external recruitment on businesses.

AND/OR

Negatives/Disadvantages

- Information on CVs/from referees may not be reliable. ✓✓
- Many unsuitable applications can slow down the selection process. ✓✓
- New candidates generally take longer to adjust to a new work environment. ✓✓
- External sources can be expensive, such as recruitment agencies' fees/advertisements in newspapers/magazines. ✓✓
- The selection process may not be effective as an incompetent candidate may be chosen. ✓✓
- Recruitment process takes longer as background checks must be conducted. ✓✓ /Is time-consuming due to the lengthy process of finding suitable candidates. ✓✓
- In-service training may be needed, which decreases productivity during the time of training. ✓✓
- External recruitment may limit promotion/growth opportunities for existing employees that could lead to resentment. ✓✓

Any other relevant answer related to the negative impact/disadvantages of external recruitment on businesses.

Max. (6)

Downloaded from Stanmorephysics.com

3.5 **Meaning of Total Quality Management (TQM)**

- TQM is an integrated system/methodology applied throughout the organisation, ✓ which helps to design/produce/provide quality products/services to customers. ✓
- It is a thought revolution in management, ✓ where the entire business is operated with customer orientation in all business activities. ✓
- Enables businesses to continuously improve the delivery of products/services ✓ to satisfy the needs of customers. ✓
- Management ensures that each employee is responsible ✓ for the quality of his/her work/actions. ✓
- Focuses on achieving customer satisfaction✓ and looks for continuous improvement in all the business' processes, products and services. ✓
- TQM takes steps to ensure the full involvement ✓ and cooperation of all employees in improving quality. ✓

Any other relevant answer related to the meaning of Total Quality Management (TQM).

Max. (4)

3.6 **Role of quality circles as a part of continuous improvement to processes and systems**

- Solve problems related to quality ✓ and implement improvements. ✓
- Investigate problems ✓ and suggest solutions to management. ✓
- Ensure that there is no duplication ✓ of activities/tasks in the workplace. ✓
- Make suggestions for improving processes ✓ and systems in the workplace. ✓
- Improve the quality of products/services/productivity ✓ through regular reviews of quality processes. ✓
- Monitor/Reinforce strategies ✓ to improve the smooth running of business operations. ✓
- Provides ways of improving ✓ the quality of work/workmanship. ✓
- Increase employees' morale/motivation ✓ to boost the team spirit in achieving organisational goals. ✓
- Contribute towards the improvement ✓ and development of the organisation. ✓
- Reduce costs of redundancy ✓ and wasteful efforts in the long run. ✓
- Increase the demand for products/services ✓ of the business. ✓
- Create harmony ✓ and high performance in the workplace. ✓
- Build a healthy workplace relationship ✓ between the employer and employee. ✓
- Improve employees' loyalty/commitment ✓ to the organisational goals. ✓
- Improve employees' communication ✓ at all levels of the business. ✓
- Develop a positive attitude/sense of involvement ✓ in decision-making processes of the services offered. ✓

Any other relevant answer related to the role of quality circles as part of the continuous improvement to processes and systems.

Max. (6)

Downloaded from Stanmorephysics.com

3.7 **Total quality management (TQM) elements from the given scenario**

TQM ELEMENTS	MOTIVATIONS
1. Adequate financing and capacity ✓✓	They can afford to purchase quality raw materials and equipment to avoid faulty products. ✓
2. Total client/customer satisfaction ✓✓	RL ensures that cross-functional teams understand their core competencies. ✓
Submax (4)	Submax (2)

NOTE:
1. **Mark the first TWO (2) only.**
2. **Award marks for TQM elements even if the motivations were incomplete.**
3. **Do not award marks for motivations if the TQM elements were incorrectly identified.**
4. **Accept responses in any order.**

Max. (6)

3.8 **Impact of total quality management/TQM if poorly implemented by businesses**

- Setting unrealistic deadlines that may not be achieved. ✓✓
- Employees may not be adequately trained resulting in poor quality products. ✓✓
- Decline in productivity, because of stoppages. ✓✓
- Businesses may not be able to make necessary changes to products/services to satisfy the needs of customers. ✓✓
- Business reputation/image may suffer because of poor quality/defective goods. ✓✓
- Customers will have many alternatives to choose from, and the impact could be devastating for businesses. ✓✓
- Investors might withdraw investments if there is a decline in profits. ✓✓
- Decline in sales as more goods are returned by unhappy customers. ✓✓
- High staff turnover because of poor skills development. ✓✓
- Undocumented/Uncontrolled quality control processes/systems could result in errors/deviations from pre-set quality standards. ✓✓

Any other relevant answer related to the impact of TQM if poorly implemented by businesses.

Max. (4)

[40]

BREAKDOWN OF MARKS

QUESTION 3	MARKS
3.1	2
3.2	6
3.3.1	2
3.3.2	4
3.4	6
3.5	4
3.6	6
3.7	6
3.8	4
TOTAL	40

Downloaded from Stanmorephysics.com

QUESTION 4: MISCELLANEOUS TOPICS

BUSINESS ENVIRONMENTS

4.1 **Types of leave as stipulated in the Basic Conditions of Employment Act/BCEA**

- Annual ✓
- Sick ✓
- Maternity ✓
- Parental/Adoption/Commissioning parental/Paternity ✓
- Family responsibility ✓

NOTE: Mark the first FOUR (4) only. (4 x 1) **(4)**

4.2 **Consumer rights in terms of the CPA from the scenario**

CONSUMER RIGHTS	MOTIVATIONS
1. Right to choose ✓✓	BS allows customers to return defective goods for a full refund. ✓
2. Right to accountability from suppliers ✓✓	They also honour credit vouchers and prepaid services. ✓
Submax (4)	Submax (2)

NOTE:
1. **Mark the first TWO (2) only.**
2. **Award marks for consumer rights even if the quotes are incomplete.**
3. **Do not award marks for motivations if the consumer rights were incorrectly identified.**
4. **Accept responses in any order.** **Max. (6)**

4.3 **Types of defensive strategies**

4.3.1 **Divestiture** ✓✓

- Disposing/Selling some assets/divisions that are no longer profitable/productive. ✓
- Selling off divisions/product lines with slow growth potential. ✓
- Decreasing the number of shareholders by selling ownership. ✓
- Paying off debts by selling unproductive assets. ✓
- Withdrawing/Divesting their investment share in another business. ✓

Any other relevant answer related to divestiture as a type of defensive strategy.

Strategy (2)
Explanation (1)
Submax (3)

4.3.2 **Retrenchment** ✓✓

- Terminating employment contracts/Letting go of employees for operational reasons/to reduce costs/expenses. ✓
- Decreasing the number of product lines/closing certain departments may result in some workers becoming redundant. ✓

Any other relevant answer related to retrenchment as a type of defensive strategy.

Strategy (2)
Explanation (1)
Submax (3)

Downloaded from Stanmorephysics.com

4.3.3 **Liquidation** ✓✓

- Selling all assets/Bringing the business activities to an end to pay creditors due to lack of capital. ✓
- Selling the entire business in order to pay shareholders a fair price for their shares. ✓
- Allowing creditors to apply for forced liquidation in order to have their claims settled. ✓
- Companies in financial distress/difficulty may appeal for business rescue to avoid liquidation. ✓

Any other relevant answer related to liquidation as a type of defensive strategy.

Strategy (2)
Explanation (1)
Submax (3)

NOTE: Mark the first TWO (2) only. **Max. (6)**

4.4 **Application of the power of buyers as a force of Porters Five Forces model**

- Assess how easy it is for buyers/customers ✓ to drive prices down. ✓
- Determine the number of buyers/the importance of each buyer to the business ✓ and the cost of switching to other products. ✓
- A few powerful buyers are often able to dictate ✓ their terms to the business. ✓
- Buyers buying in bulk can bargain ✓ for prices in their favour. ✓
- If buyers can do without the business's products ✓ then they have more power to determine the prices and terms of sale. ✓
- Conduct market research ✓ to gather more information about its buyers. ✓

Any other relevant answer related to how businesses could apply the power of buyers as a force of Porter's Five Forces model to analyse their position in the market environment.

Max. (4)

BUSINESS OPERATIONS

4.5 **Sources of internal recruitment**

- Internal e-mails/Intranet/Websites to staff ✓
- Word of mouth/Staff meetings ✓
- Business newsletter/Circulars to staff ✓
- Internal/management referrals ✓
- Notice board of the business ✓
- Internal bulletins ✓
- Recommendation of current employees ✓
- Head hunting within the business/organisational database ✓

Any other relevant answer related to sources of internal recruitment.

NOTE: Mark the first FOUR (4) only. (4 x 1) **(4)**

Downloaded from Stanmorephysics.com

4.6 **Benefits of induction**

4.6.1 **Benefits of induction from the scenario**

- Latif understands the rules and restrictions in the business. ✓
- They created opportunities for Latif to explore different departments. ✓

NOTE: 1. Mark the first TWO (2) only.
2. Only award marks for responses that are quoted from the scenario.

(2 x 1) **(2)**

4.6.2 **Importance of training in Human Resources**

- The employee who receives the necessary training ✓ is more able to perform in their job. ✓
- The investment in training that a company makes shows employees ✓ that they are valued. ✓
- An effective training programme allows employees ✓ to strengthen their skills. ✓
- Productivity usually increases ✓ when the human resources function implements training courses. ✓
- Ongoing training and upskilling of the workforce ✓ encourages creativity. ✓
- Contributes positively ✓ towards the aims/compliance of the SDA. ✓

Any other relevant answer related to the importance of training in human resources.

Max. **(4)**

4.7 **Benefits of a good quality management system**

- Effective customer services are rendered, ✓ resulting in increased customer satisfaction. ✓
- Time and resources ✓ are used efficiently. ✓
- Productivity increases ✓ through proper time management/using high-quality resources. ✓
- Products/Services are constantly improved ✓ resulting in increased levels of customer satisfaction. ✓
- Vision/Mission/Business goals ✓ may be achieved. ✓
- A business has a competitive advantage ✓ over its competitors. ✓
- Regular training will continuously improve ✓ the quality of employees' skills/ knowledge/competencies. ✓
- Employers and employees will have a healthy working relationship ✓ resulting in happy/productive workers/improved employee morale/ productivity. ✓
- Increased market share/financial stability ✓ as more customers improve profitability. ✓
- Improves the business image ✓ as there are less defects/returns. ✓

Any other relevant answer related to the benefits of a good quality management system.

Max. **(6)**

Downloaded from Stanmorephysics.com

4.8 **Advantages of monitoring and evaluation as a TQM element**

- Prevents product defects and minimises wastage/customer complaints. ✓✓
- Good quality checks/procedures minimise the replacement/breakdown of equipment/machinery on a regular basis. ✓✓
- May be equipped to get things done right the first time. ✓✓
- Improve performance and maintain high-quality standards. ✓✓
- Improve current and future management of quality outputs/outcomes/impact. ✓✓
- Provide a clear indication about quality aspects that are contributing to the achievement of goals/targets. ✓✓
- Modify interventions that may improve the efficient use of resources. ✓✓
- Support management to acquire information needed to make informed decisions about processes. ✓✓
- Cost of production is reduced as deviations from set standards can be corrected. ✓✓
- Strategies are revised in order to improve the quality of the products/ services/business image. ✓✓
- Allows quality control checks and procedures at key points. ✓✓
- Key performance indicators are carefully selected to monitor and evaluate the outcome. ✓✓
- Benchmarking is used to find best practices in order to determine the competitive position of the business. ✓✓
- Quality circles meet on a regular basis to evaluate the progress in terms of quality. ✓✓
- Continuous research is conducted on latest developments to ensure that TQM planning is up to date. ✓✓

Any other relevant answer related to the advantages of monitoring and evaluation of quality processes as a TQM element on large businesses.

Max. (4)

[40]

BREAKDOWN OF MARKS

QUESTION 4	MARKS
4.1	4
4.2	6
4.3	6
4.4	4
4.5	4
4.6.1	2
4.6.2	4
4.7	6
4.8	4
TOTAL	40

TOTAL FOR SECTION B: 80

Downloaded from Stanmorephysics.com

SECTION C

Mark the answers to the FIRST question only.

QUESTION 5: BUSINESS ENVIRONMENTS (BUSINESS STRATEGIES)

5.1 **Introduction**

- The strategic management process enables businesses to scan the environment and develop turnaround strategies to respond effectively to market changes. ✓
- Integration strategies enable businesses to strengthen their influence and control over suppliers/distributors. ✓
- The correct identification of the challenges posed by political and technological factors will enable businesses to plan and deal with the PESTLE factors. ✓
- Strategy evaluation enables businesses to recognise areas of weakness with the aim of strengthening new strategies to achieve their business goals. ✓

Any other relevant introduction related to the strategic management process/types of integration strategies/challenges posed by political/technological factors/steps in strategy evaluation.

Any (2 x 1) **(2)**

5.2 **Strategic management process**

OPTION 1

- Have a clear vision/mission statement/measurable/realistic objective in place. ✓✓
- Identify opportunities/weaknesses/strengths/threats by conducting environmental scanning/situational analysis. ✓✓
- Tools available for environmental scanning may include a SWOT analysis/ Porter's Five Forces model/PESTLE analysis/industrial analysis tools. ✓✓
- Formulate alternative strategies to respond to the challenges. ✓✓
- Develop (an) action plan(s), including the tasks to be done/deadlines to be met/resources to be procured. ✓✓
- Implement selected strategies by communicating it to all stakeholders/ organising business resources/motivating staff. ✓✓
- Continuously evaluate/monitor/measure strategies in order to take corrective action. ✓✓

Any other relevant answer related to the strategic management process.

OR

OPTION 2

- Review/Analyse/Re-examine the vision/mission statement. ✓✓
- Conduct an environmental analysis using models such as SWOT/ PESTLE/ Porter's Five Forces. ✓✓
- Formulate a strategy, such as defensive/retrenchment strategy. ✓✓
- Implement a strategy, using a template such as an action plan. ✓✓
- Control/Evaluate/Monitor the implemented strategy to identify gaps/deviations in implementation. ✓✓
- Take corrective action to ensure goals/objectives are met. ✓✓

Any other relevant answer related to the strategic management process.

Max. (10)

Downloaded from Stanmorephysics.com

5.3 **Types of integration strategies**

5.3.1 **Forward vertical integration** ✓✓

- A business combines with or takes over its distributors ✓ down the supply/ production chain. ✓/The business merges with businesses that were once their customers, ✓ while still maintaining control of the initial/primary business activity. ✓
- Involves expansion of business activities ✓ to gain control over the direct distribution of the products/services directly to consumers/customers. ✓
- Increases profitability ✓ as the intermediary/distributor/middleman is excluded. ✓

Any other relevant answer related to forward vertical integration as a type of integration strategy.

Strategy (2)
Explanation (2)
Submax (4)

5.3.2 **Backward vertical integration** ✓✓

- The business combines with/merges/takes over its suppliers ✓ up the supply chain/production chain. ✓/The business expands its role to fulfil activities/tasks ✓ that were formerly/previously completed by suppliers. ✓
- Aims at decreasing the business's dependency ✓ on the supplier. ✓
- Enables businesses to cut costs ✓ and have influence over the prices/quality/ quantity of raw materials. ✓

Any other relevant answer related to backward vertical integration as a type of integration strategy.

Strategy (2)
Explanation (2)
Submax (4)

5.3.3 **Horizontal integration** ✓✓

- A business takes control of/incorporates other businesses ✓ in the same industry/which produce/sell the same/similar goods/services. ✓/It is the acquisition /takeover of a related business ✓ that operates at the same level of supply chain in the industry. ✓
- The aim is to reduce the threat ✓ of competition/substitute products/services. ✓
- Increases the market share/sales/profits ✓ and enhance production/ distribution. ✓
- Suitable for businesses that operate in multiple geographical areas ✓ through joint ventures/licensing/franchising. ✓

Any other relevant answer related to horizontal integration as a type of integration strategy.

Strategy (2)
Explanation (2)
Submax (4)

NOTE: Mark the first THREE (3) only.

Max. (12)

Downloaded from Stanmorephysics.com

5.4 **Challenges posed by the PESTLE factors**

5.4.1 **Political**

- Some government policies ✓ may affect businesses. ✓
- Consumer rights organisations may prevent businesses from selling products ✓ if they do not meet certain requirements. ✓
- Trade agreements ✓ may prevent businesses from importing some medicines/ products. ✓

Any other relevant answer related to how the political factor as a PESTLE element poses challenges to businesses.

Submax (6)

5.4.2 **Technological**

- Businesses may not keep up with/be aware of ✓ the latest technology. ✓
- Employees may not be skilled ✓ to operate/maintain new technology/ equipment. ✓
- Businesses may not be able ✓ to afford new technology. ✓
- May not be able to cater for/afford ✓ online transactions/e-commerce. ✓

Any other relevant answer related to how the technological factor as a PESTLE element poses challenges to businesses.

Submax (6)
Max. (12)

5.5 **Steps in strategy evaluation**

- Examine the underlying basis of a business strategy. ✓✓
- Look forward and backwards into the implementation process. ✓✓
- Compare the expected performance with the actual performance. ✓✓
- Determine the reasons for deviations and analyse these reasons. ✓✓
- Take corrective action so that deviations may be corrected. ✓✓
- Set specific dates for control and follow up. ✓✓
- Draw up a table of the advantages and disadvantages of a strategy. ✓✓
- Decide on the desired outcome as envisaged/expected when strategies were implemented. ✓✓
- Consider the impact of the strategic implementation in the internal/external environments of the business. ✓✓

Any other relevant answer related to the steps in strategy evaluation.

NOTE: The steps may be in any order.

Max. (12)

Downloaded from Stanmorephysics.com

5.6 **Conclusion**

- Businesses should regularly review their strategic management process to stay relevant and maintain an innovative approach. ✓✓
- The effective implementation of the integration strategies may result in improved organisational efficiency. ✓✓
- Businesses need to continuously conduct research on challenges posed by political and technological developments to avoid a decline in sales/ profitability. ✓✓
- Strategy evaluation allows businesses to improve on the quality of goods and services offered to customers, resulting in a larger market share. ✓✓

Any other relevant conclusion related to the strategic management process/types of integration strategies/challenges posed by political/technological PESTLE factors/steps in strategy evaluation.

Any (1 x 2) **(2)**

[40]

QUESTION 5 BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	**2**	**Max. 32**
Strategic management process	**10**	
Types of integration strategies	**12**	
Challenges posed by the PESTLE factors ○ Political ○ Technological	**12**	
Steps in strategy evaluation	**12**	
Conclusion	**2**	
INSIGHT		**8**
Layout	**2**	
Analysis/Interpretation	**2**	
Synthesis	**2**	
Originality/Examples	**2**	
TOTAL MARKS		**40**

LASO – For each component:
Allocate 2 marks if all requirements are met.
Allocate 1 mark if only some of the requirements are met.
Allocate 0 marks where requirements are not met at all.

Downloaded from Stanmorephysics.com

QUESTION 6: BUSINESS OPERATIONS (QUALITY OF PERFORMANCE)

6.1 Introduction

- Quality control assists businesses in reducing the number of defective products thereby improving the return on investment(s) and enhances their public image. ✓
- Quality assurance ensures processes are in place to produce quality products and services to customers. ✓
- Businesses apply the PDCA model/steps as a project management framework to implement incremental changes to solve problems of their processes and systems. ✓
- A sound knowledge of the quality indicators of the financial function may enable businesses to cut down on unnecessary costs. ✓
- The general management function provides overall operational efficiency, increased productivity in each business to achieve strategic objectives. ✓
- The implementation of Total Quality Management (TQM) enables businesses to produce high-quality products and reduces voluntary staff turnover. ✓

Any other relevant introduction related to the differences between quality control and quality assurance/steps of PDCA model/quality indicators of the financial/general management functions/ways in which TQM can reduce the cost of quality.

Any (2 x 1) **(2)**

6.2 **Differences between quality control and quality assurance**

QUALITY CONTROL	QUALITY ASSURANCE
- The system ensures the desired quality is met by inspecting the final product. ✓✓	- Checks are carried out during and after the production process. ✓✓
- Ensure that finished products meet the required standards. ✓✓	- Ensure that required standards have been met at every stage of the process. ✓✓
- Process of ensuring that products are consistently manufactured to high standards. ✓✓	- Processes put in place to ensure that the quality of products/ services/systems adhere to pre-set standards with minimal defects/ delays/shortcomings. ✓✓
- Checking raw materials/employees/ machinery/workmanship/products to ensure that high standards are maintained. ✓✓	- Ensuring that every process is aimed at getting the product 'right the first time' and preventing mistakes from happening. ✓✓
- Includes setting targets/measuring performance and taking corrective measures. ✓✓	- The 'building in' of quality as opposed to 'checking of' quality. ✓✓
Any other relevant answer related to quality control	Any other relevant answer related to quality assurance
Submax (4)	Submax (4)

Downloaded from Stanmorephysics.com

NOTE: 1. The answer does not have to be in tabular format.
2. The differences do not have to link but must be clear.
3. Award a maximum of FOUR (4) marks if the differences are not clear/Mark either quality control or quality assurance.

Max. (8)

6.3 **Application of PDCA model/steps**

6.3.1 **Plan** ✓✓

- The business should identify the problem ✓ and develop a plan for improvement to processes and systems. ✓
- Answer questions ✓ such as 'what to do' and 'how to do it'. ✓
- Plan the new method and approach ✓ to improve the quality of their products. ✓
- The plan must be logical/sequential ✓ for implementers to understand it. ✓

Step (2)
Explanation (2)
Submax (4)

6.3.2 **Do** ✓✓

- Businesses should implement ✓ the change on a small scale. ✓
- Implement the processes and systems ✓ as planned. ✓
- During this step, the implementers aim to effectively/accurately ✓ execute the change based on the plan/method. ✓
- This step is essential in determining ✓ whether the change has viability/ potential. ✓

Step (2)
Explanation (2)
Submax (4)

6.3.3 **Check** ✓✓

- Use data to analyse ✓ the results of change. ✓
- Determine whether it made a difference ✓ and what needs to be improved. ✓
- Check whether the processes ✓ are working effectively. ✓
- Businesses should assess, plan and establish ✓ if it is working/if things are going according to plan. ✓

Step (2)
Explanation (2)
Submax (4)

Downloaded from Stanmorephysics.com

6.3.4 **Act** ✓✓
- Institutionalise the improvement ✓ to meet the needs of the business. ✓
- Devise strategies ✓ on how to continually improve. ✓
- If the change was successful, ✓ implement it on a wider scale. ✓
- The business should continuously revise ✓ the process until they get it right. ✓

Any other relevant answer related to how businesses can apply the PDCA model/steps to improve the quality of their products.

Step (2)
Explanation (2)
Submax (4)
Max. (16)

6.4 **Quality indicators of business functions**

6.4.1 **Financial function**
- Obtain capital ✓ from the most suitable/available/reliable sources. ✓
- Negotiate better interest rates ✓ in order to keep financial costs down. ✓
- Draw up budgets ✓ to ensure sufficient application of monetary resources. ✓
- Analyse strategies ✓ to increase profitability. ✓
- Invest surplus funds ✓ to create sources of passive income. ✓
- Implement financial control measures/systems ✓ to prevent fraud. ✓
- Implement credit granting/debt collecting policies ✓ to monitor cash flow. ✓
- Draw up accurate financial statements ✓ timeously/regularly. ✓
- Accurately analyse and interpret ✓ financial information. ✓
- Invest in strategies ✓ that will assist the business to remain profitable. ✓
- Avoid over/under-capitalisation ✓ so that financial resources will be utilised effectively. ✓

Any other relevant answer related to the quality indicators of the financial function.

Submax (6)

6.4.2 **General management function**
- Develop/Implement/Monitor effective ✓ strategic plans. ✓
- Efficient organisation/allocation of business resources to provide ✓ for the successful achievement of long-term and short-term plans. ✓
- Structured standards and norms should be in place ✓ so that control mechanisms can be implemented. ✓
- Learn about/understand changes in the business environment ✓ on an on-going basis. ✓
- Effectively communicate ✓ shared vision, mission and values. ✓
- Set direction and establish priorities ✓ for their business. ✓
- Be prepared to set an example of the behaviour ✓ that is expected from employees in terms of ethics as well as productivity. ✓

Downloaded from Stanmorephysics.com

- Be proactive and always seeks to improve ✓ competitive advantage over competitors. ✓
- Ensure that all departments/the business ✓ meet their deadlines/targets. ✓

Any other relevant answer related to the quality indicators of the general management function.

Submax (6)
Max (12)

6.5 **Ways in which total quality management (TQM) can reduce the cost of quality**

- Introduce quality circles to discuss ways of improving the quality of their work/workmanship. ✓✓
- Schedule activities to eliminate the duplication of tasks. ✓✓
- Share responsibilities for quality output amongst management and workers. ✓✓
- Train employees at all levels, so that everyone understands their roles in quality management. ✓✓
- Develop work systems that empower employees to find new ways of improving quality. ✓✓
- Work closely with suppliers to improve the quality of raw materials/inputs. ✓✓
- Improve communication about the quality challenges/deviations, so that everyone can learn from experience. ✓✓
- Reduce investment on expensive, but ineffective inspection procedures in the production process. ✓✓
- Implement pro-active maintenance programmes for equipment/machinery to reduce/eliminate breakdowns. ✓✓

Any other relevant answer related to ways in which TQM can reduce the cost of quality. **Max. (10)**

6.6 **Conclusion**

- Effective quality control is crucial for rigorous testing, inspection and corrective actions to save cost and enhance the brand reputation. ✓✓
- By focusing on prevention, quality assurance boosts efficiency and productivity, building customer trust and loyalty. ✓✓
- The PDCA model is a powerful framework for driving continuous improvement and achieving quality excellence, businesses that embrace this cyclical approach can systematically identify areas for implementing continuous improvement to processes and systems. ✓✓
- The financial function quality indicators are crucial for evaluating the financial performance, enabling business to assess financial status and make informed financial decisions. ✓✓
- The quality indicators of the general management provides a valuable insight into a business's overall performance and effectiveness. ✓✓

Downloaded from Stanmorephysics.com

- The effective implementation of TQM elements may give businesses a competitive advantage resulting in the reduced cost of quality. ✓✓

Any other relevant conclusion related to the differences between quality control and quality assurance/steps of PDCA model/quality indicators of the financial/ general management functions/ ways in which TQM can reduce the cost of quality.

Any (1 x 2) **(2)**

[40]

QUESTION 6 BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	**2**	**Max. 32**
Differences between quality control and quality assurance.	**8**	
Application of PDCA Model/Steps.	**16**	
Quality indicators of business functions ○ Financial function ○ General management function	**12**	
Ways in which total quality management (TQM) can reduce the cost of quality.	**10**	
Conclusion	**2**	
INSIGHT		**8**
Layout	**2**	
Analysis/Interpretation	**2**	
Synthesis	**2**	
Originality/Examples	**2**	
TOTAL MARKS		**40**

LASO – For each component:
Allocate 2 marks if all requirements are met.
Allocate 1 mark if only some of the requirements are met.
Allocate 0 marks where requirements are not met at all.

TOTAL SECTION C: 40

TOTAL: 150